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NEWS LETTER

August 2020



UPDATE NEW REGULATIONS

- **The Decision No. 22/2020/QĐ-TTg regarding the reduction in land rents in 2020 for persons afflicted with the Covid-19 pandemic**
- **Official Letter No.2161/LĐTBXH-BHXH by the Ministry of Labor, War Invalids and Social Affairs regarding foreign employee's paternity regime**
- **Official Letter No.44403/CT-TTHT by the Hanoi Tax Department guiding tax policy for employment cost during the Covid-19 pandemic**
- **Draft Decree on 30% reduction of corporate income tax for 2020**

- *The Prime Minister issues the Decision No. 22/2020/QĐ-TTg dated 10 August 2020 regarding the reduction in land rents in 2020 for persons afflicted with the Covid-19 pandemic*

Accordingly, if persons rented land by the State in the form of annual payment of land rents are subject to temporary business closure for a minimum period of 15 days due to the impact of the Covid-19 pandemic, they will be entitled to a 15% reduction of land rent payable in 2020.

This regulation does **NOT** prescribe any reduction in outstanding land rents accrued before 2020 and late payment interest (if any).

This reduction rate will be applied to the cases in which land lessees have various business activities, but are subject to one of their business activities at the land area or plot rented by the State.

- *Official Letter No.2161/LĐTBXH-BHXH by the Ministry of Labor, War Invalids and Social Affairs dated 16 June 2020 regarding foreign employee's paternity regime*

Accordingly, Expatriate contributing to the compulsory SI scheme of Vietnam in accordance with Decree No.143/2018/ND-CP whose wife gives birth (the wife does not participate in SI scheme of Vietnam) **shall be entitled** to a lump-sum allowance equivalent to twice of the state monthly base salary applied at the time giving birth.

➤ ***Official Letter No.44403/CT-TTHT by the Hanoi Tax Department dated 01 June 2020 guiding tax policy for employment cost during the Covid-19 pandemic***

If the expenses for buying masks, antiseptic liquid, protective equipment and testing kits for Covid-19 pandemic prevention where names of the beneficiaries are clearly specified, such expenses are subject to PIT. If the expenses do not specify beneficiaries' names except for the employee group, they are not subject to PIT.

The above expenses are treated as deductible for CIT purposes if conditions as prescribed under Circular No.96/2015/TT-BTC are met and the total expenditure for staff welfare does not exceed one-month average salary actually paid in the tax year of the enterprise.



➤ ***Draft Decree on 30% reduction of corporate income tax for 2020***

This draft was issued by the Government in order to detail the Resolution of the National Assembly about reducing corporate income tax (CIT). We highlighted some important points as follows:

- Total revenue in 2020 as a basis for determining the eligible subjects for tax reduction as prescribed in this Clause is the total revenue from selling goods and rendering services in 2020.
- In case companies have the total revenue from selling goods and services in year 2020 not over VND 200 billion, the total CIT payable for 2020 shall be reduced by 30%.
- In case companies were established in October, November or December of 2019 and registered the first taxable year 2020 including months of 2019, the total revenue to apply CIT reduction shall not include revenue incurred in 2019.
- In case companies are established in October, November or December of 2020 and register the first taxable year 2021 including months of 2020, the total revenue to apply CIT reduction includes only revenue incurred in 2020.

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